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Research Report

COUNCIL FOR AID TO EDUCATION

October 1990

Corporate Support of Education

1989 Highlights

National Estimates

Corporate charitable contributions in the United States rose 4 percent in 1989 to $5.6 billion, a relatively modest increase and a continuation of the slowdown that began in 1988, when giving rose 2 percent to $5.4 billion. **Page 2**

Giving to education represented a 42 percent share of total contributions, near the all-time high level of 43 percent reached in 1981. **Page 3**

Based on the recently released Internal Revenue Service figure for contributions in 1987, it is now apparent that corporate contributions in 1986 and 1987 did not slow as precipitously as the Council had predicted. The rate of growth in 1986-1987 was down somewhat after a decade of average 15 percent annual increases, but corporate contributions still rose a robust 9 percent each of those years, once a correction is made for corporate "prepayments" of 1987 contributions in 1986 in anticipation of the 1986 Tax Reform Act. **Page 1**

Preliminary data for 1990 and 1991 suggest continued modest growth of around 5 percent annually. **Page 3**

Survey Results

Education received the largest share — 39 percent, or $705 million — of the $1.82 billion given to all causes in 1989 by the 333 participating companies. **Page 4**

Colleges and universities secured 69 percent of education dollars, up from a dip in 1988 to 64 percent. The share of education support directed to precollege education, up sharply in 1988, rose substantially again in 1989 to 10.5 percent. **Page 5**

Noncash gifts of company products and property rose, both as a share of giving to education and as a share of total contributions. **Page 9**

Participating companies continue to draw down their foundation reserves. The balance between deposits and withdrawals remained negative, and grew (as it has for seven out of the last eight years) for the third year in a row. **Page 10**

Fifty contributors, the top 25 from the manufacturing sector and the top 25 from the nonmanufacturing sector, together provided two thirds of the education support reported by all participating companies. **Page 11**

National Trends in Corporate Support

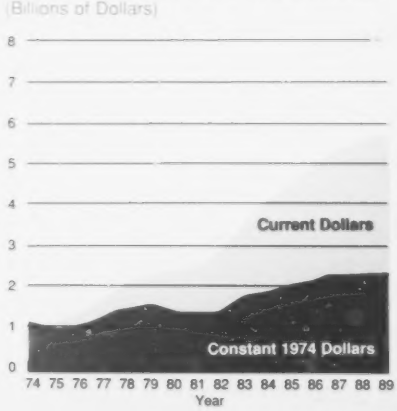
Estimated Total Corporate Contributions

Previous Council projections of a slowdown in the growth of corporate contributions beginning in 1986 appear to have been essentially correct, but the slowdown was less precipitous than the Council and others had expected.

The latest available Internal Revenue Service figure, reporting corporate contributions for 1987, is $4,98 billion. This is 4 percent lower than the 1986 IRS figure of $5.2 billion. However, as the Council suggested last year, the 1986 and 1987 IRS figures must be viewed together with an eye to the impact of the 1986 Tax Reform Act on corporate reporting to the IRS.

We continue to believe that $300 million or more of contributions budgeted for 1987 were actually reported on 1986 tax returns using a "prepayment" option available to companies. Companies would have been motivated

Figure 1. Corporate Contributions



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"prepay" 1987 contributions in order to take advantage of a relatively high marginal tax rate that was to be reduced beginning in 1987.

If the estimated $300 million "prepaid" dollars are shifted forward to 1987, the 1986 figure becomes $4.87 billion and the 1987 figure becomes $5.29 billion. With this adjustment, corporate contributions in both 1986 and 1987 register healthy 9 percent increases, rather than a sharp 16 percent increase in 1986 followed by a 4 percent drop in 1987. While increases of 9 percent represent a sizable drop from the 15 percent average annual increases of the 1976-1985 decade, they are larger than the increases of 5 percent or less the Council had been projecting (*see Table 1 and Figure 1*).

The slow growth in corporate contributions the Council had expected to detect in 1986 now appears to have begun in 1988 — and, with two additional years of significant increases behind it, the plateau started at a higher level than earlier Council projections suggested — around $5.3 billion rather than $4.5 billion. The Council now estimates that total contributions climbed slowly to $5.4 billion in 1988 (a 2 percent increase), and to $5.6 billion in 1989 (a 4 percent increase).

Education's Estimated Share of Total Corporate Contributions. The revisions to the total corporate contributions figures outlined above naturally have implications for previous Council estimates of corporate giving to education. Instead of an abrupt slowdown in the growth of corporate contributions to education beginning in 1986 at the $2 billion level, we now estimate slow growth beginning in 1988 at $2.27 billion (a 2 percent increase over 1987's figure of $2.22 billion), and $2.35 billion in 1989 (a 4 percent increase). Education giving in both 1986 and 1987 has been revised to show increases of 9 percent per year, comparable to the increases shown by total corporate contributions. From

Table 1

National Trends in Corporate Pretax Net Income and Contributions

	Pretax Net Income*		Contributions (millions of dollars)				Contributions as a Percentage of Pretax Net Income		Education as a Percentage of Total Contributions
Year	(Billions of dollars)	% Change	Total**	% Change	Education***	% Change	Total	Education	
1974	139		1,200		445		0.86	0.32	37
1975	135	–3	1,202	0	450	1	0.89	0.33	37
1976	170	26	1,487	24	560	24	0.87	0.33	38
1977	200	18	1,791	20	665	19	0.89	0.33	37
1978	234	17	2,084	16	780	17	0.89	0.33	37
1979	257	10	2,288	10	880	13	0.89	0.34	38
1980	237	–8	2,359	3	980	11	0.99	0.41	42
1981	227	–4	2,514	7	1,090	11	1.11	0.48	43
1982	170	–25	2,906	16	1,250	15	1.71	0.74	43
1983	208	22	3,627	25	1,525	22	1.75	0.73	42
1984	240	16	4,057	12	1,700	11	1.69	0.71	42
1985	224	–7	4,472	10	1,875	10	1.99	0.84	42
1986	222	–1	4,870#	9	2,050	9	2.20	0.93	42
1987	275	24	5,290#	9	2,220	9	1.92	0.81	42
1988	317	15	5,400***	2	2,265	2	1.71	0.72	42
1989	308	–3	5,600***	4	2,350	4	1.82	0.76	42

\# Approximately $300 million has been shifted by the Council from the 1986 to the 1987 Total Contributions figure to adjust for a distortion caused by companies taking advantage of a "prepayment" option. The actual IRS figure for 1986 is $5.179 billion and for 1987, $4.980 billion.

** U.S. Department of Commerce*

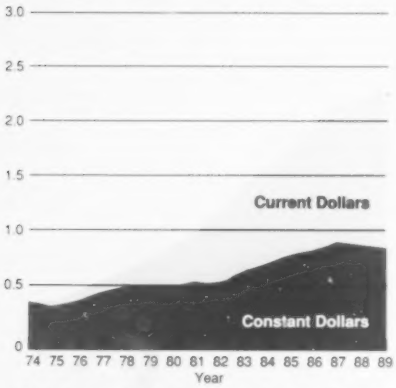
*** Internal Revenue Service*

**** Council for Aid to Education estimate*

Note: The figures for total corporate contributions and corporate contributions to education are not completely comparable. The former is an IRS figure that includes company grants to their own sponsored foundations and excludes the gifts and grants made by these foundations. As a consequence, they understate the consolidated total of corporate and corporate-foundation contributions for the period after 1979 and other years in which foundation giving is larger than company grants to their foundations (see Table 14). The figures for corporate contributions to education, on the other hand, are Council estimates that include the grants made by both corporations and corporate foundations. Changes in education support as a percentage of total contributions frequently reflect this lack of comparability.

Figure 2. Corporate Contributions to Education

(Billions of Dollars)



1976 through 1985, annual increases in corporate education giving averaged 15 percent per year (*see Table 1 and Figure 2*).

Estimated corporate contributions to education currently stand at 42 percent of total contributions as reported by the IRS (which reports only a total figure). The Council does not estimate corporate contributions to health causes, human services, the arts, or other nonprofit sectors.

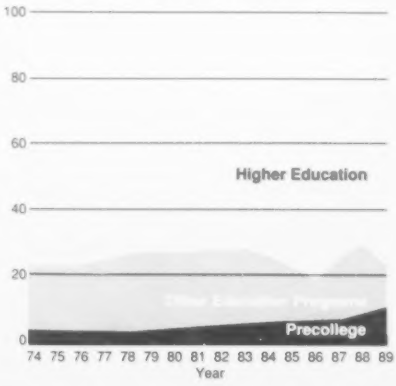
For the second consecutive year, there is evidence of increased corporate support of and involvement with precollege education. As *Figure 3* indicates, support of precollege education began to grow slowly in the late seventies, with the rate of increase accelerating after 1987. In light of this rising share of support for precollege education, it is important to note that because of dramatic and consistent growth in support of education overall, a drop in the share of support going to a specific sector of the education system does not necessarily mean a drop in the dollars going to that sector. Although the 1988 survey suggested that there might be a fall-off in support to higher education as a consequence of increased precollege support, this year's (1989) survey shows nothing of the sort. In fact, if a fall-off is to be seen anywhere in 1989, it would be in the category of Other Education Programs, and particularly the subcategory Education-Related Organizations. There is, however, nothing to suggest this will be a trend.

Given increased public and corporate interest in support of precollege education, the Council has developed for the first time a national estimate of corporate contributions to this sector. In the 1989 corporate support survey, dollars going directly to elementary and secondary schools, and to organizations that channeled corporate dollars to such schools, represented 10.5 percent of the total reported support of education. If this percentage is applied to the Council's national estimate of corporate support of education (the best extrapolation that can be made at this time), a figure of about $250 million results. Based on other Council surveys, we can estimate that perhaps $25 million of this amount is directed to private elementary and secondary schools, with the remaining $225 million going to public elementary and secondary schools. To this amount should be added the corporate dollars going to Other Education Programs that focus on precollege education — perhaps 20 percent, or $94 million, of the estimated $470 million contributed to this category. Additionally, there is a share of support to higher education that is ultimately targeted at precollege education — support for improved teacher training, for example — which represents perhaps 5 percent, or $85 million, of the $1.7 billion in corporate support to higher education. These figures taken together suggest a national total of about $400 million targeted directly or indirectly at public elementary and secondary school support, improvement, and reform.

Corporate support of various youth-related and community programs often has an impact on issues addressed by the school reform movement, and these dollars are not included in the above calculation. It is also worth noting that the growing dollar support of precollege education does not measure the full extent of the corporate commitment to the precollege sector. Much of that commitment is not easily quantified — executive time and effort spent on policy development and implementation, employee time given to tutoring or mentoring during business hours, and school use of corporate space, facilities, and other resources.

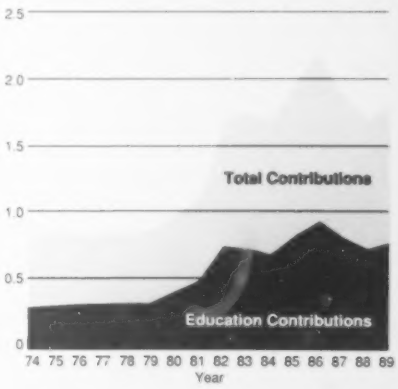
Figure 3. Distribution of Corporate Contributions to Education

(Percent of Education Contributions)



Contributions as a Percentage of Pretax Net Income. Measured as a percentage of corporate pretax net income (PTNI), estimated total contributions, at 1.8 percent, and education contributions, at 0.76 percent, remain at the high levels reached in the early eighties. These levels are more than double pre-1980 levels. From 1976 through 1985, while corporate contributions grew at unprecedented double-digit rates, corporate pretax net income grew an average of only 7 percent annually (*see Figure 4*).

Figure 4. Corporate Contributions as a Percentage of Pretax Net Income



Outlook for 1990-91

Based on very preliminary information, the Council estimates that corporate contributions in total and to education will grow by about 5 percent in 1990 and 1991. Contributions to precollege education will continue to climb at a faster rate than contributions to other education areas.

Research Note

Like us, you may be surprised enough at finding corporate contributions approaching 2 percent of pretax net income to question whether the more recent figures are really comparable to pre-1980 figures. We explored this with the Department of Commerce and can offer the following additional information. The pretax net income figure (PTNI) they report (or estimate for the two most recent years) is essentially the net of pretax income reported to the IRS by all profitable companies less the losses reported by all companies operating at a deficit. And during the 1980s there was dramatic growth in total losses reported — from $58 billion in 1980 to $137 billion in 1987. To take an example, then, the 1987 total of $275 billion in PTNI is the net of $412 billion in pretax net income reported by profitable companies less $137 billion in losses reported by companies operating at a deficit.

While companies suffering a deficit may or may not cut back their charitable contributions, in neither case will they be declaring contributions as a deduction for the year in question. So their charitable giving doesn't add to the contributions figure released by the IRS. On the other hand, the profitable companies are generally reporting their contributions as charitable deductions. If we then look at contributions reported to the IRS as a percentage of profitable companies' pretax net income, we find ratios during the 1980s growing to the level of 1.25 percent of pretax net income. This is still a significant increase over pre-1980 levels. and, for purposes of comparison, it is perhaps a better indicator of where the ratio currently stands.

The Survey Results

The Survey of Corporate Contributions, jointly sponsored by the Council for Aid to Education and The Conference Board, reports annually on charitable contributions by many of the nation's leading corporations. The data and the discussion that follow reflect only the information provided by the companies that responded to the 1989 survey. For a discussion of the relationship between these figures and the national estimates presented on the preceding pages, see the appendix at the end of this report.

For the 1989 survey, 333 companies reported a total of $1.82 billion in contributions, of which 39 percent, or $705 million, was directed to education. Individual company contributions budgets ranged from $5,000 to $91 million, with a median of $1.93 million. Education contributions ranged from a low of $250 to $42.4 million, with a median of $554,000. Although 333 companies returned questionnaires, not all of them supplied complete information. As a result, the number of companies represented in the tables that follow will vary.

Table 2 presents a profile of participating companies by size of contributions budget. With 63 percent of the companies reporting contributions of over $1 million, the sample this year is somewhat more heavily weighted toward large companies than in recent years. Companies budgeting over $5 million for charitable giving (one quarter of all reporting companies) account for 80 percent of the total contributions dollars, and more than 80 percent of the education support dollars, reported by all companies in the sample. As is typically the case, the larger the total contributions budget, the greater the share directed to education causes. Companies with programs of less than $500,000 earmarked 25 percent of their contributions for education, those with programs of more than $5 million earmarked 40 percent.

Where the Dollars Go

Since the Council for Aid to Education/Conference Board survey was launched in 1974, participating corporations have directed between 35 and 43 percent of their contributions to education. In 1978, education passed health and human services as the recipient of the largest share and has maintained that position since.

Table 2

Profile of Participating Companies by Size of Contributions in 1989

Contributions Budget	Number of Companies		Contributions (millions of dollars) Total		Education		Education as % of Total
Less than $500,000	79	(23.7)	$ 17.8	(1.0)	$ 4.5	(0.6)	25.5
$500,000-$1 million	44	(13.2)	33.0	(1.8)	10.3	(1.5)	31.0
$1 million-$5 million	123	(36.9)	314.3	(17.3)	106.5	(15.1)	33.9
$5 million and over	87	(26.1)	1,454.9	(79.9)	584.0	(82.8)	40.1
TOTAL	333	(100.0)	$1,820.1	(100.0)	$705.3	(100.0)	38.8

(Figures in parentheses are percent of total.)

Table 3

Distribution of Corporate Contributions, 1985-1989 (millions of dollars)

	1985 436 Companies		1986 370 Companies		1987 325 Companies		1988 356 Companies		1989 333 Companies	
Education	$ 650.0	38.4%	$ 718.0	42.9%	$ 610.1	36.8%	$ 615.1	37.3%	$ 705.3	38.8%
Health and Human Services	494.1	29.2	468.6	28.0	450.5	27.2	480.9	29.2	480.2	26.4
Civic and Community Activities	279.5	16.5	220.5	13.2	236.1	14.2	212.7	12.9	255.7	14.0
Culture and Art	187.5	11.1	198.8	11.9	178.6	10.8	183.7	11.1	203.1	11.2
Other/Unallocated	83.5	4.9	68.1	4.1	183.0	11.0	156.4	9.5	175.8	9.7
TOTAL	$1,694.6	100.0%	$1,674.0	100.0%	$1,658.3	100.0%	$1,648.7	100.0%	$1,820.1	100.0%

Note: Totals in Tables 2-14 may not add due to rounding.

As shown in *Table 3* and *Figure 5*, education's share of total contributions in 1989, at 39 percent, is up from 37 percent in 1988. The spike in giving to education in 1986 was largely attributable to an increase in giving to higher education institutions by participating manufacturing companies.

Health and human service organizations received the second largest share of total contributions, 26 percent, down 3 percent from 1988. Contributions to this category as a share of the total have been in decline, slipping from a high of 41 percent in 1975 to below 30 percent since the early 1980s.

Civic and community groups received 14 percent of the total; after peaking at 19 percent in 1984, their share has held steady at about 14 percent since 1986. Giving to arts and cultural institutions has held steady at around 11 percent throughout the 1980s. The remaining 10 percent went to "other" recipients, which include disaster relief agencies, food banks, U.S.-based organizations with international relief and policy programs, and similar causes not covered under the major categories.

Where the Education Dollars Go

Two hundred seventy-six of the companies in the survey, accounting for 84 percent of the education dollars, broke down their education giving by purpose. *Table 4* provides a detailed comparison of educational allocations in 1989 with 1988. *Figure 3* (see page 3) provides a multi-year comparison of shares going to the different education sectors.

Precollege Support. Corporate support to precollege education rose gradually from 1978 to 1987. During the last two years, the rate of growth has increased more sharply, with precollege support now standing at 10.5 percent of corporate giving to education, a share that is 75 percent larger than in 1987. While 1987 and 1988 saw downward shifts in the share of dollars going to the category Higher Education and comparable increases to the category Other Education Programs, in 1989 Higher Education rebounded. Other Education Programs, particularly Education-Related Organizations, experienced a sizable drop, but it is too soon to describe this as a trend.

Of 201 companies providing answers to a special section on precollege giving added to the survey questionnaire this year, 64 percent reported plans to increase support to precollege education in the future, with the rest planning to hold steady at current levels. Of the companies planning to increase support, 66 percent plan to increase their overall education budget, 11 percent plan to shift dollars from higher education-related giving, and 23 percent plan both to increase the overall education budget and to shift some dollars from higher education to precollege.

Companies were asked to allocate their precollege dollars across a variety of program areas. While many companies found this a difficult task,

Figure 5. Distribution of Corporate Contributions
(Percent of Total Contributions)

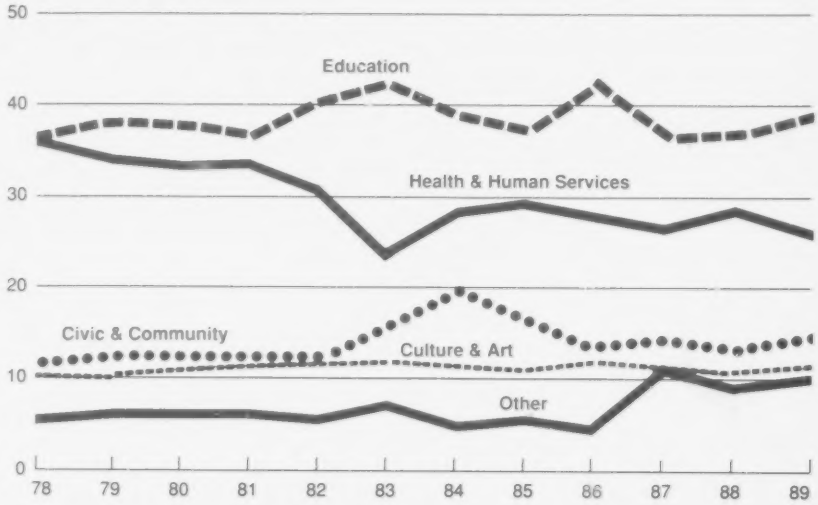


Table 4

Support of Education by Purpose (thousands of dollars)

	1988 356 Companies		1989 333 Companies	
	Amount	% of Total	Amount	% of Total
Colleges and Universities				
Unrestricted operating, capital, departmental, research, student-aid grants and grants via consortia	$275,545	47.2	$318,373	53.5
Matching gifts	98,231*	16.8	92,831*	15.6
Total Colleges and Universities	$373,776	64.1	$411,204	69.1
Precollege Education				
Public and private school support and other	$ 41,590	7.1	$ 53,083	8.9
Matching gifts	9,953*	1.7	9,406*	1.6
Total Precollege Education	$ 51,542	8.8	$ 62,489	10.5
Other Educational Programs				
Education-related organizations	$ 55,874	9.6	$ 35,933	6.0
Scholarships and fellowships	43,681	7.5	40,468	6.8
Other	58,579	10.0	45,385	7.6
Total Other Educational Programs	$158,134	27.1	$121,786	20.5
Total Allocated	583,452	100.0	595,479	100.0
Unallocated**	31,634		109,830	
GRAND TOTAL	$615,086		$705,309	

** Estimates based on Council matching gift surveys. Participants did not break out higher education from precollege matching.*
*** 57 companies reported an education total but no further breakdown.*

given their decentralized contributions operations and/or limitations in their contributions record keeping, companies accounting for about 40 percent of the precollege dollars were able to provide at least tentative breakdowns by program area. The largest share of dollars was allocated to science, math, and technology education, about 25 percent of the total. Community collaboration, school restructuring and school-based management, and college-bound preparation each received around 13 percent of the total. Teacher preparation, reading/writing, and drop-out prevention each received about 7 percent. The remaining 15 percent was divided among job training, preschool and early learning, and "other" program areas.

In addition to gifts of cash, products, and property, companies are supporting the precollege sector in ways not easily expressed in dollars. Among companies responding to a question on executive advocacy for school reform and restructuring, half said their executives were actively involved. Among companies responding to a question about employee volunteerism on company time, approximately a third said a significant number of employees were involved. And about a third of the companies said they made facilities and equipment or supplies available for precollege-related activities.

Higher Education. While the corporate support survey does not gather information on the distribution of support across types of higher education institutions, the Council's annual survey of colleges and universities does gather such information in detail. The 1988-89 Voluntary Support of Education survey showed that corporate support of public higher education institutions surpassed their support of private higher education institutions for the first time. However, it should be noted that enrollment at public institutions has grown much faster than at private institutions, and public institutions of higher education still lag far behind private institutions of higher education in corporate dollars received per student (*see Figure 6*). Since 1984, 80-90 percent of all corporate support to public higher education has been directed to research/doctoral institutions, while private research/doctoral institutions have secured between 60 and 70 percent of the corporate dollars given to private higher education.

Matching Gifts. In 1989, 17.2 percent, or $102 million, of total allocated education support from surveyed companies came in the form of matching gifts. In recent years, about 75 percent of survey participants have reported conducting matching-gift programs, with most of the dollars being directed by employees to institutions of higher education. Corporate matching-gift dollars directed by employees to the precollege sector go predominantly to private schools.

Table 5

Percentage Distribution of Allocated Educational Support by Purpose, by Industry, 1989

Industry	Number of Companies	Total Dollars Allocated (000)	Colleges and Universities	Precollege	Matching Gifts*	Scholarships and Fellowships	Education-Related Organizations	Other
MANUFACTURING								
Chemicals	23	$ 48,970	53.0%	5.8%	12.7%	12.7%	6.6%	9.2%
Computers and Office Equipment	8	85,632	67.9	6.2	11.5	2.6	6.7	5.2
Electrical Machinery	8	25,147	55.9	13.9	18.2	2.0	1.9	8.0
Food, Beverage, Tobacco, Personal Products	11	22,898	51.7	3.4	11.1	20.7	6.5	6.6
Nonelectrical Machinery	5	3,537	59.5	0.9	25.1	7.0	4.8	2.6
Paper and Allied Products	9	10,060	41.8	29.3	12.2	2.4	8.7	5.7
Petroleum, Gas and Mining	18	77,672	42.2	10.7	24.1	12.2	6.4	4.5
Pharmaceuticals	10	30,929	48.4	4.9	22.6	12.0	8.5	3.6
Printing, Publishing and Media	6	10,496	14.0	31.0	29.4	9.0	15.0	1.6
Textiles and Apparel	2	1,227	34.2	19.2	27.4	3.7	15.0	0.5
Transportation Equipment	13	92,278	57.9	4.5	8.0	5.7	5.2	18.7
Primary Metals	6	6,159	56.9	6.3	23.4	2.8	10.5	0.1
Other Manufacturing	20	10,554	36.5	8.7	22.8	4.6	12.4	15.0
All Manufacturing	139	$425,559	53.3	8.0	15.4	8.0	6.6	8.6
NONMANUFACTURING								
Banking	34	$ 28,633	39.8%	22.1%	25.4%	4.8%	3.7%	4.2%
Finance	8	8,532	15.0	36.2	25.5	2.2	13.3	7.7
Insurance	31	25,453	31.0	13.1	31.7	7.3	7.7	9.1
Retail-Wholesale Trade	3	1,549	61.1	23.2	6.5	3.6	5.5	0.0
Telecommunications	8	58,363	75.2	7.7	10.4	1.4	0.6	4.8
Transportation	11	21,067	78.3	0.8	7.7	2.5	8.7	2.1
Electric and Gas Utilities	25	6,314	64.5	10.0	5.9	9.5	6.4	3.7
Other Services	17	20,010	28.5	2.3	54.7	4.2	5.6	4.8
All Nonmanufacturing	137	$169,920	54.0	11.1	21.5	3.7	4.7	5.1
GRAND TOTAL	276	$595,479	53.5%	8.9%	17.2%	6.8%	6.0%	7.6%

** As shown on Table 4, matching gifts to higher education contributed an average 15.6 percent of the allocated total; for precollege institutions, they contributed an average 1.6 percent.*

Figure 6. Corporate Support per Student
(Current Dollars)

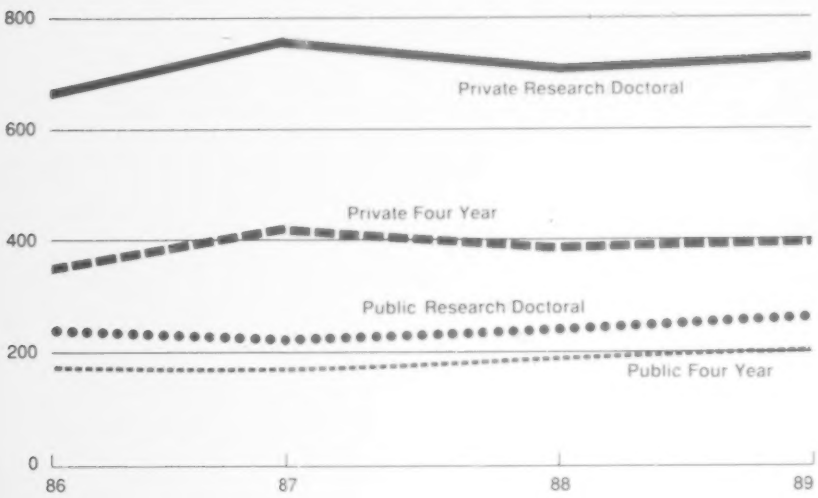
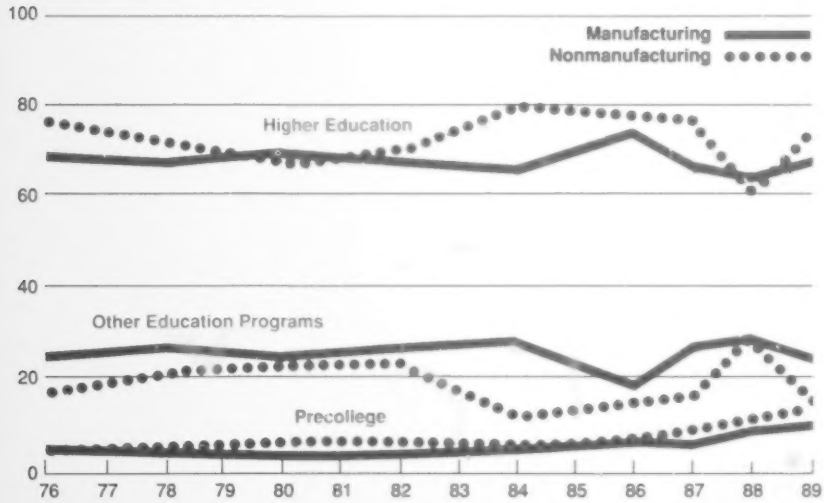


Figure 7. Corporate Contributions to Education
(Percent of Total in Each Group)



Industry Differences in Educational Allocations

Industry differences in allocating gifts to the various educational areas are shown in *Table 5*. Because the number of participating companies is generally small relative to the total population of companies in a given industry, figures may not be typical of the industry as a whole and should be treated cautiously.

Figure 7 shows how the manufacturing and nonmanufacturing sectors have allocated their contributions dollars across the major education categories during the past fourteen years. In general, the two sectors have been quite similar in the shares they have contributed to each of the education categories.

Contributions Ratios

In *Table 6*, corporate pretax net income (PTNI) and assets are compared with corporate contributions to determine relationships between financial measures and giving. Only companies providing sufficient financial data on a consolidated basis are included.

After last year's striking decrease in the contributions-to-earnings ratio, 1989 saw a rebound to pre-1988 levels. Total contributions as a percentage of pretax net income increased from .885 percent in 1988 to 1.096 percent in 1989. Support of education as a percentage of PTNI increased from .330 percent in 1988 to .422 percent in 1989. The ratios of both total and educational contributions to assets had been falling since 1984, but remained essentially flat in 1989, with total contributions comprising .041 percent of assets and education giving, .016.

Table 6

Total Contributions and Educational Support in Relation to Worldwide Pretax Net Income and Assets, 1985-1989
(millions of dollars)

Worldwide	1985 409 Companies	1986 351 Companies	1987 283 Companies	1988 334 Companies	1989 287 Companies
Total Contributions	$ 1,636.4	$ 1,647.8	$ 1,538.6	$ 1,602.1	$ 1,692.9
Support of Education	626.8	706.0	576.6	597.9	651.7
Pretax Net Income	159,974.0	137,979.6	140,614.0	181,035.6	154,527.9
Total Assets	3,260,887.2	3,339,512.2	3,147,083.1	4,112,398.4	4,124,041.3
Total Contributions as a Percentage of:					
Pretax Net Income	1.023	1.194	1.094	0.885	1.096
Total Assets	0.050	0.049	0.049	0.039	0.041
Support of Education as a Percentage of:					
Pretax Net Income	0.392	0.512	0.410	0.330	0.422
Total Assets	0.019	0.021	0.018	0.015	0.016
Support of Education as a Percentage of:					
Total Contributions	38.3	42.8	37.5	37.3	38.5

Year-to-Year Changes

Table 7 provides a matched-case comparison of those companies that reported in both 1988 and 1989, by industry. For the 203 "core" companies that responded to both surveys, total contributions increased by 7.4 percent. This increase is particularly noteworthy given the fact that the 203 companies reported a collective decrease of 6.7 percent in their pretax net income. Giving to education also increased 9.8 percent over last year. Support of education as a percent of PTNI increased from .349 percent in 1988 to .411 percent in 1989. As is true of previous tables in this report providing breakdowns by industry, survey results for any particular industry should not be considered indicative of the industry as a whole.

Variations by Company Size

Contributions patterns also vary according to company size. *Table 8* shows the manufacturing companies grouped by both income and asset size. Historically, two trends have been observed: first, as income increases, companies tend to contribute a smaller share of their income; and second, as asset size increases, com-

Table 7

Support of Education, Two Survey Years (203 companies participating in both surveys)

		1988				1989				Percent Change 1988-1989		
			Support of Education				Support of Education					
Industry	Number of Companies	WWPTNI (millions)	Amount (000)	As % of PTNI	As % of Contributions	WWPTNI (millions)	Amount (000)	As % of PTNI	As % of Contributions	Support of Education	PTNI	Total Contributions
MANUFACTURING												
Chemicals	(15)	$ 16,016	$ 60,667	0.379%	44.9%	$ 14,965	$ 60,883	0.407%	49.0%	0.4%	-6.6%	-7.9%
Computers and Office Equipment	(8)	14,695	87,623	0.596	54.5	9,877	85,353	0.864	45.7	-2.6	-32.8	16.0
Electrical Machinery	(5)	6,928	27,682	0.400	33.2	9,105	21,669	0.238	32.1	-21.7	31.4	-19.1
Food, Beverage, Tobacco and Personal Products	(10)	8,520	35,668	0.419	26.6	5,563	41,687	0.749	32.5	16.9	-34.7	-4.3
Nonelectrical Machinery	(5)	1,459	4,375	0.300	47.5	1,227	3,537	0.288	36.2	-19.1	-15.9	6.0
Paper and Allied Products	(7)	4,202	6,117	0.146	28.6	3,719	10,658	0.287	37.4	74.3	-11.5	32.9
Petroleum, Gas and Mining	(18)	27,845	79,335	0.285	47.7	23,491	87,528	0.373	47.5	10.3	-15.6	10.6
Pharmaceuticals	(10)	9,411	28,079	0.298	25.9	11,059	32,632	0.295	25.0	16.2	17.5	20.4
Printing, Publishing and Media	(4)	1,544	6,832	0.443	36.9	1,446	5,905	0.409	31.6	-13.6	-6.4	1.1
Textiles & Apparel	(2)	38	1,492	3.914	58.4	144	1,227	0.855	59.1	-17.7	276.6	-18.7
Transportation Equipment	(10)	20,533	72,133	0.351	50.9	15,974	89,501	0.560	54.1	24.1	-22.2	16.8
Primary Metals	(7)	2,981	5,911	0.198	42.7	3,523	6,585	0.187	40.2	11.4	18.2	18.1
Other Manufacturing	(11)	3,058	7,962	0.260	28.9	3,095	8,254	0.267	27.7	3.7	1.2	8.2
All Manufacturing	(112)	$117,230	$423,875	0.362	41.4	$103,186	$455,421	0.441	41.7	7.4	-12.0	6.7
NONMANUFACTURING												
Banks	(20)	$ 10,117	$ 21,175	0.209%	27.5%	$ 1,800	$ 26,815	1.490%	30.4%	26.6%	-82.2%	14.7%
Finance	(6)	3,420	8,335	0.244	29.2	4,208	8,464	0.201	30.5	1.5	23.0	-2.6
Insurance	(19)	7,133	20,433	0.286	30.0	13,218	19,980	0.151	28.2	-2.2	85.3	3.9
Retail-Wholesale Trade	(5)	2,946	18,136	0.616	25.5	3,733	12,076	0.324	17.9	-33.4	26.7	-5.1
Telecommunications	(7)	6,168	44,254	0.717	41.7	12,617	64,938	0.515	50.6	46.7	104.5	21.1
Transportation	(4)	1,883	3,221	0.171	21.2	685	4,263	0.623	22.3	32.4	-63.6	25.8
Electric and Gas Utilities	(22)	6,842	5,397	0.079	23.1	6,174	5,911	0.096	24.0	9.5	-9.8	5.4
Other Nonmanufacturing	(8)	1,130	2,337	0.207	21.5	732	3,141	0.429	29.8	34.4	-35.2	-3.2
All Nonmanufacturing	(91)	$ 39,641	$123,288	0.311	30.8	$ 43,166	$145,588	0.337	33.3	18.1	8.9	9.2
GRAND TOTAL	(203)	$156,871	$547,163	0.349%	38.4%	$146,352	$601,009	0.411%	39.3%	9.8%	-6.7%	7.4%

Table 8

Contributions by Manufacturing Companies by Size of Worldwide Pretax Net Income and Assets, 1989

		% of PTNI		Education as % of Total Contributions
Pretax Net Income		Total	Education	
Net Loss	(9)	n.a.	n.a.	49.6
Less than $25 million	(7)	6.807	2.531	37.2
$25 million under $50 million	(16)	2.543	1.108	43.6
$50 million under $100 million	(12)	1.868	0.944	50.5
$100 million under $250 million	(20)	1.098	0.514	46.8
$250 million under $500 million	(29)	1.266	0.460	36.4
$500 million under $1 billion	(24)	1.123	0.408	36.4
$1 billion and over	(28)	0.927	0.404	43.6
All Manufacturing Companies	(145)	1.095	0.459	41.9

		% of Assets		Education as % of Total Contributions
Assets		Total	Education	
Under $250 million	(7)	0.205	0.059	28.6
$250 million under $500 million	(14)	0.157	0.080	51.1
$500 million under $1 billion	(11)	0.120	0.060	50.2
$1 billion under $2.5 billion	(28)	0.189	0.069	36.4
$2.5 billion under $5 billion	(23)	0.117	0.039	33.4
$5 billion under $10 billion	(29)	0.111	0.033	30.1
$10 billion and over	(33)	0.065	0.031	47.3
All Manufacturing Companies	(145)	0.079	0.033	41.9

(Numbers in parentheses show the number of companies reporting.)

panies tend to allocate a greater share of their contributions budgets to education. While the former pattern has persisted, the latter has been weakening over the past few years, when more smaller companies have increased their share of contributions to education.

Industry Variations

Table 9 compares total contributions and education support by industry in two ways: as a percentage of pretax net income and as a percentage of assets. Education giving as a percentage of PTNI, of assets, and of total contributions is listed to the right, along with industry rankings on these measures.

The 145 manufacturing companies gave 41.9 percent of their total contributions to education, while the 142 nonmanufacturers gave 31.7 percent, about the same as in the past few years. The manufacturers also devoted a larger proportion of their profits and assets to education than did the nonmanufacturing companies. Because the asset measures for manufacturing and nonmanufacturing companies are not comparable in many instances, comparisons of contributions-to-assets ratios should be treated cautiously.

Forms of Giving

Tables 10 and 11 (see page 10) give a breakdown of contributions to all causes and to education by type of gift. Prior to 1984, noncash contributions amounted to about 10 percent of total contributions. Between 1984 and 1987 this share doubled to about 20 percent, then dipped back to 14 percent in 1988, where it remained in 1989. For education causes, noncash gifts accounted for roughly 18 percent of the total, up 2 percent from 1988 but substantially below the 28 percent reported in 1986. Education received 43 percent of the total noncash gifts from corporations in 1989, the same share education received of total contributions.

Foundations Smooth the Way

Seventy-one percent of the manufacturing companies and 57 percent of the nonmanufacturing companies responding to the survey have established company foundations (*see Table 12*, page 10). Of the 201 companies with foundations that provided detailed information on the flow of funds from the company and its foundation, 33 made all their 1989 contributions through their foundations; others chose to make part of

Table 9

Total Contributions and Educational Support in Relation to Worldwide Pretax Net Income and Assets and Comparative Rankings by Industry, 1989

Industry	Number of Companies	WWPTNI (millions)	Assets (millions)	Total Contributions (000)	Support of Education (000)	Education as a Percentage of PTNI	Education as a Percentage of Assets	Education as a Percentage of Total Contributions
MANUFACTURING								
Chemicals	22	$ 16,804	$ 148,532	$ 141,532	$ 67,423	0.401 (9)	0.045 (6)	47.6 (3)
Info. Proc. & Office Equip.	9	11,022	148,431	194,140	88,773	0.805 (3)	0.060 (2)	45.7 (6)
Electrical Machinery	9	9,977	175,879	76,254	25,767	0.258 (17)	0.015 (16)	33.8 (11)
Food, Bev., Tob. & Pers. Prod.	12	5,666	90,115	131,408	43,994	0.776 (5)	0.049 (4)	33.5 (12)
Nonelectrical Machinery	4	966	14,797	7,829	2,996	0.310 (14)	0.020 (13)	38.3 (8)
Paper and Allied Products	9	4,314	53,437	32,521	12,314	0.285 (16)	0.023 (12)	37.9 (9)
Petroleum, Gas & Mining	22	25,102	336,002	194,197	91,388	0.364 (12)	0.027 (8)	47.1 (4)
Pharmaceuticals	10	11,059	63,513	130,759	32,632	0.295 (15)	0.051 (3)	25.0 (19)
Printing, Publishing & Media	7	2,188	15,085	29,430	10,440	0.477 (7)	0.069 (1)	35.5 (10)
Textiles & Apparel	4	601	9,165	5,147	2,368	0.394 (10)	0.026 (10)	46.0 (5)
Transportation Equipment	12	9,981	296,593	137,314	79,654	0.798 (4)	0.027 (9)	58.0 (1)
Primary Metals	8	3,589	26,516	16,864	6,687	0.186 (19)	0.025 (11)	39.7 (7)
Other Manufacturing	17	1,732	44,118	30,253	8,179	0.472 (8)	0.019 (14)	27.0 (17)
All Manufacturing	145	$103,001	$1,422,183	$1,127,648	$472,615	0.459	0.033	41.9
NONMANUFACTURING								
Banks	35	$ 2,695	$ 958,564	$ 105,040	$ 30,553	1.134 (1)	0.003 (20)	29.1 (14)
Finance	10	5,243	544,057	39,380	12,131	0.231 (18)	0.002 (21)	30.8 (13)
Insurance	29	14,885	725,428	86,629	24,931	0.167 (20)	0.003 (19)	28.8 (15)
Retail-Wholesale Trade	6	4,248	120,201	77,452	13,476	0.317 (13)	0.011 (17)	17.4 (21)
Telecommunications	9	11,995	142,577	129,926	64,754	0.540 (6)	0.045 (5)	49.8 (2)
Transportation	11	2,297	48,751	80,550	21,221	0.924 (2)	0.044 (7)	26.3 (18)
Electric & Gas Utilities	29	8,980	134,126	30,423	7,472	0.083 (21)	0.006 (18)	24.6 (20)
Other Nonmanufacturing	13	1,183	28,154	15,893	4,567	0.386 (11)	0.016 (15)	28.7 (16)
All Nonmanufacturing	142	51,527	2,701,859	565,293	179,104	0.348	0.007	31.7
GRAND TOTAL	287	$154,528	$4,124,041	$1,692,941	$651,719	0.422	0.016	38.5

(Industry rankings are in parentheses.)

their contributions through their foundations and the rest directly from the corporation to the recipients.

A foundation can help stabilize the flow of charitable contributions in times of declining or uncertain profits by maintaining grant programs even while the parent company reduces contributions. The foundation can use earnings on its assets, draw down assets, or do both in order to maintain a desired giving level. In periods of high profits, the company can replenish the foundation assets.

Table 13 presents the contributions of survey respondents and their foundations for the past five years. The first line on the table shows the total gifts reported by the companies to the Internal Revenue Service for income-tax purposes. These include gifts from the corporations to their foundations, which are shown on the second line and then subtracted from line one to determine the total given directly by companies to charitable causes. Then, grants made by the foundations are added in to give the total consolidated contributions from both the corporate foundations and their parent companies to all causes.

Almost three fifths of the contributions of survey participants in 1989 came directly from the companies; the median was $710,000, down slightly from $714,000 in 1988 and $768,000 in 1987. The median value of foundation contributions programs was $1.55 million in 1989, up slightly from $1.50 million in 1988 and about $1.30 million in 1987.

Table 10

Forms of Giving: Total Contributions (millions of dollars)

	1988			1989		
	Amount		% of Total	Amount		% of Total
Cash	$1,393.5	(352)	85.6	$1,456.6	(317)	84.0
Securities	1.4	(2)	0.1	11.4	(10)	0.7
Company Products	174.4	(76)	10.7	176.1	(52)	10.2
Other Property	58.9	(67)	3.6	89.7	(51)	5.2
TOTAL	$1,628.1	(352)	100.0	$1,733.9	(318)	100.0

Table 11

Forms of Giving to Education (millions of dollars)

	1988			1989		
	Amount		% of Total	Amount		% of Total
Cash	$505.9	(346)	84.3	$547.9	(312)	82.2
Securities	0.0	(0)	0.0	1.4	(4)	0.2
Company Products	59.2	(22)	9.9	73.4	(22)	11.0
Other Property	35.3	(44)	5.9	43.9	(31)	6.6
TOTAL	$600.3	(346)	100.0	$666.7	(313)	100.0

Table 12

Percentage of Reporting Companies with Foundations by Industry, 1989, Ranked by Percentage with Foundations

Industry		Percentage
MANUFACTURING		
Food, Beverage, Tobacco and Personal Products	(13)	92
Electrical Machinery	(10)	90
Transportation Equipment	(14)	86
Paper and Allied Products	(11)	82
Other Manufacturing	(22)	82
Printing, Publishing and Media	(8)	75
Pharmaceuticals	(12)	75
Chemicals	(28)	64
Primary Metals	(8)	63
Computers and Office Equipment	(10)	60
Nonelectrical Machinery	(5)	60
Textiles and Apparel	(4)	50
Petroleum, Gas and Mining	(24)	46
All Manufacturing	(169)	71

Industry		Percentage
NONMANUFACTURING		
Telecommunications	(10)	80
Insurance	(36)	69
Banks	(42)	62
Other Services	(18)	61
Finance	(10)	60
Transportation	(12)	58
Retail-Wholesale Trade	(6)	50
Electric and Gas Utilities	(30)	27
All Nonmanufacturing	(164)	57
ALL COMPANIES	(333)	64

(Numbers in parentheses show the number of companies reporting.)

Table 13

Structure of Corporate Contributions (millions of dollars)

	1985	1986	1987	1988	1989
Total Company Gifts	$1,666.5	$1,688.6	$1,555.2	$1,375.2	$ 1,458.2
	(438)	(353)	(315)	(345)	(311)
Less: Gifts to Company Foundations	614.0	649.1	486.8	433.7	411.9
	(269)	(157)	(129)	(131)	(126)
Direct Company Gifts to Others	$1,052.5	$1,039.5	$1,068.4	$ 941.5	$ 1,046.3
	(412)	(334)	(293)	(325)	(288)
Plus: Company Foundation Gifts	658.4	641.0	609.9	691.6	710.3
	(271)	(372)	(196)	(201)	(187)
Total Corporate Contributions	$1,710.9	$1,680.5	$1,678.3	$1,633.1	$ 1,756.6
	(439)	(372)	(328)	(353)	(320)
Difference Between Foundation Receipts and Foundation Gifts	$ –44.4	$ 8.1	$ –123.1	$ –257.9	$ –298.4
Cumulative Change from 1974	$ –352.8	$ –344.7	$ –467.8	$ –725.7	$–1,024.0
Number of Companies with Foundations	269	240	213	217	201

(Numbers in parentheses show the number of companies reporting.)

Table 14

Top 25 Manufacturing and Nonmanufacturing Companies Ranked by Educational Support, 1989

	Educational Support (000)	Total Contributions (000)	Education as % of Total	Worldwide PTNI (millions)	Contributions as a Percentage of PTNI: Education	Total
MANUFACTURING						
1.	$ 42,400	$ 62,200	68.2	$ 6,398	0.663	0.972
2.	34,600	91,300	37.9	6,645	0.521	1.374
3.	22,358	30,230	74.0	1,151	1.942	2.626
4.	20,155	35,132	57.4	4,953	0.407	0.709
5.	15,379	26,502	58.0	4,324	0.356	0.613
6.	14,655	29,104	50.4	(1,149)	n.a.	n.a.
7.	14,027	48,459	28.9	7,036	0.199	0.689
8.	13,561	32,742	41.4	6,030	0.225	0.543
9.	13,401	27,902	48.0	2,695	0.497	1.035
10.	12,657	21,982	57.6	2,069	0.612	1.062
11.	11,172	28,927	38.6	2,099	0.532	1.378
12.	10,514	15,618	67.3	3,935	0.267	0.397
13.	10,120	27,102	37.3	1,421	0.712	1.908
14.	9,864	23,173	42.6	1,953	0.505	1.187
15.	9,820	18,861	52.1	925	1.062	2.039
16.	9,181	16,890	54.4	359	2.557	4.705
17.	8,900	22,700	39.2	704	1.264	3.224
18.	8,838	16,807	52.6	4,608	0.192	0.365
19.	8,399	26,098	32.2	1,939	0.433	1.346
20.	8,209	19,704	41.7	251	3.271	7.850
21.	7,581	18,649	40.7	1,227	0.618	1.520
22.	7,300	31,000	23.5	1,514	0.482	2.048
23.	6,882	16,784	41.0	922	0.746	1.820
24.	6,349	17,525	36.2	2,283	0.278	0.768
25.	5,631	11,378	49.5	702	0.802	1.621
	$331,952	$716,770	46.3	$64,993	0.511	1.103
NONMANUFACTURING						
1.	$ 41,457	$ 60,924	68.0	$ 3,992	1.039	1.526
2.	15,297	52,941	28.9	933	1.640	5.676
3.	8,748	18,433	47.5	1,333	0.656	1.383
4.	7,477	16,305	45.9	1,700	0.440	0.959
5.	7,010	7,010	100.0	n.a.	n.a.	n.a.
6.	6,688	27,247	24.5	1,830	0.365	1.489
7.	6,600	6,600	100.0	n.a.	n.a.	n.a.
8.	6,276	19,948	31.5	1,785	0.352	1.118
9.	5,418	16,669	32.5	1,527	0.355	1.092
10.	4,765	16,089	29.6	1,102	0.432	1.460
11.	4,272	17,003	25.1	1,170	0.365	1.453
12.	4,232	15,580	27.2	1,500	0.282	1.039
13.	3,889	11,615	33.5	820	0.474	1.417
14.	3,297	10,795	30.5	2,038	0.162	0.530
15.	3,007	9,877	30.4	213	1.409	4.629
16.	2,835	14,400	19.7	693	0.409	2.077
17.	2,756	7,783	35.4	562	0.490	1.385
18.	2,376	8,161	29.1	(1,100)	n.a.	n.a.
19.	2,367	6,408	36.9	(454)	n.a.	n.a.
20.	2,219	8,225	27.0	978	0.227	0.841
21.	2,150	5,900	36.4	n.a.	n.a.	n.a.
22.	2,141	11,652	18.4	(469)	n.a.	n.a.
23.	2,139	8,700	24.6	1,165	0.184	0.747
24.	2,130	10,140	21.0	159	1.341	6.382
25.	1,900	5,800	32.8	283	0.671	2.049
	$151,447	$394,205	36.2	$21,760	0.624*	1.722*

** Ratios for nonmanufacturing companies are based only on the 22 companies reporting PTNI.*

The Top 25 Contributors from Each Sector

Table 14 presents a giving profile of the top 25 contributors to education from the manufacturing companies and from the nonmanufacturing companies responding to the survey. These 50 donors (15 percent of survey participants) together provided 66 percent of the education support reported by all 333 participants. Their average contribution to education in 1989 was $9.4 million — 10.5 percent greater than the average of the top 50 in 1988. This significant rise is attributable to the participating nonmanufacturing companies, which increased their combined contribution to education by $26 million, or 24 percent. The top manufacturing companies also increased their collective giving to education by $18.5 million, or 6 percent. To be sure, these comparisons are inexact, since the actual companies in the top 25 lists vary somewhat from year to year.

The 25 top manufacturing companies provided 59 percent of total contributions and 66 percent of the total education grants reported by all 169 manufacturing respondents, while the 25 top nonmanufacturing companies provided 62 percent of the total contributions and 67 percent of all education grants made by the 164 nonmanufacturing respondents.

Appendix: About This Report

This report presents the results of the 16th Annual Survey of Corporate Contributions, a joint project of the Council for Aid to Education and The Conference Board. Although the information included here relates primarily to corporate support of education, the data are consistent with the tabulations presented by the Conference Board in its more general report which covers corporate support of areas other than education.

Usable questionnaires were returned by 333 companies. While the sample is very small in relation to the total number of incorporated enterprises in the United States, it provides the basis for the national estimates, calculated by the Council for Aid to Education, that are presented on page 2. The participating companies account for disproportionate shares of the dollar totals applicable to the entire corporate universe. In particular, these companies account for more than half of the total pretax net income and almost one third of estimated total contributions and educational support of the entire population of nearly three million corporations in this country.

In addition, the survey companies provide information that is not available for the entire corporate universe, including data on the distribution of corporate contributions by purpose.

Measuring Total Contributions

At the present time the only nationwide data on total corporate philanthropy in the United States are those tabulated by the Internal Revenue Service (IRS) from the corporate income tax returns filed each year. In some instances these figures include monies that were not actually paid to donees in that year, and in other cases they do not include all of the corporate contributions dollars received by charitable organizations in the year.

Although the magnitude of the differences between the IRS figures and actual contributions is not now known, this survey is collecting data that may make future estimates possible. It is already evident that the differences are significant and that they vary from year to year, depending on business conditions, earnings on the assets of corporate foundations, tax regulations, and other elements. Three factors contribute to the differences.

1. The figures reported by corporations on their income tax returns include contributions to company-sponsored foundations but exclude the gifts and grants made by these foundations. Company foundations were established primarily to insulate the flow of contributions from the ups and downs of the business cycle. Typically, therefore, the amounts given by a company to its foundation in a prosperous year will exceed the contributions made by that foundation, thus enabling the foundation to add to its reserve against leaner times. The IRS figures in this year will overstate the amounts actually given to donees. Conversely, in depressed times when company payments either slow or stop completely, the foundation will draw upon its reserves to maintain the level of its contributions program. The IRS figures for these years will understate actual gifts.

2. The tax code allows for carryovers of contributions from past years and into the future, thus distorting reported amounts of gifts and grants. The tax code provides that certain exclusions and deductions, not ordinarily recognized by generally accepted accounting principles, may be used by corporations in calculating their taxable income. These provisions can result in taxable income that is significantly lower than pretax net income. The code also provides that up to 10 percent of taxable income can be deducted for charitable contributions for taxable years starting after December 31, 1981. Any time contributions exceed this allowable percentage, the excess contributions can be carried into the following years [Section 170(d)(2)]. An unknown portion of the amount reported by corporations to the IRS includes excesses from previous years and excludes amounts paid during the current year that are being carried forward.

3. Many companies use the right to "prepay" contributions, as provided in Section 170(a)(2) of the tax code. Under certain circumstances contributions made in the first two and a half months of a year may be taken as a deduction from the prior year's income. An undetermined amount of the contributions reported to the IRS includes funds that were actually disbursed in the following year.

It is clear therefore that the amount actually received by charitable organizations in any given year will differ from the amount tabulated by the IRS from corporate income tax returns for that year.

Definitions: Contributions

Because of the problems with IRS contributions data outlined above, this report contains figures with different bases. The national contributions totals in Table 1 are from the IRS; all other figures on total contributions and support of education are based on figures reported by the respondents and include gifts and grants made by their company-sponsored foundations, as well as contributions made directly by the companies themselves, but exclude payments by the companies into their foundations. Most of these figures are for payments actually made during the year and exclude any carryovers or prepayments reported for income tax purposes.

Definitions: Financial Data

The information regarding assets and pretax net income is what the survey respondents reported in their consolidated financial statements. It includes dollars derived from overseas sources as well as from domestic operations. The data for companies without international operations are included in the "worldwide" figures.

This report is based on data from the annual Survey of Corporate Contributions, cosponsored by the Council for Aid to Education and The Conference Board. Additional copies, and a list of other Council publications, are available upon request.

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